

Overview of Agency Operations

Key 2004 accomplishments are summarized below.

New member service delivers information day or night

With our members' busy schedules, retirement planning isn't always convenient during business hours. In 2004, we developed and launched a secure online service that allows our members to access their defined benefit account information via the Internet. The new service provides an individual's service credit, employment history and account balance, any time of the day or night – all at the touch of a fingertip. This technology is available only in a limited number of state retirement systems across the country.

A member or retiree can also review his or her beneficiary designation, annual statement and the latest news from DRS. In designing the new service, we carefully analyzed the questions we receive most often and tailored online access to offer that information.

Response time expedited

DRS completed a key project to electronically image member files, speeding response to customer inquiries and creating a secure disaster recovery process. More than half a million files were imaged during the three-year project, which served as the foundation for the agency's move from a paper environment to electronic services.

High marks for customer service

Over the years, we've earned a reputation for responsive, prompt service. In the past fiscal year, DRS staff answered 93 percent of over 212,000 phone calls within 30 seconds.

More than 2,200 members who arrived at DRS without an appointment were met by a retirement specialist in less than three minutes. Staff responded to 90 percent of 28,000 pieces of correspondence within five days, and more than 16,000 retirement estimates were completed in an average of four days.

Not only do our customers tell us they appreciate a quick response to their questions, but they also write and call to

say how much they appreciate the friendliness and personal, knowledgeable service they receive. In this year's survey of active members, retired members and Deferred Compensation Program participants, the average customer satisfaction score was 4.54 on a five-point scale.

Cost efficiency earns national recognition

Once again, DRS participated in an independent national study of public pension administrators, conducted by Cost Effectiveness Management, Inc.

This year's Benefit Administration Benchmarking Analysis showed DRS' administrative costs (actual cost per member) to be 31 percent lower than our peer pension systems across the nation, given levels of complexity and service.

Eighth consecutive clean audit

DRS processed more than \$700 million in retirement contributions in fiscal year 2004 and paid out \$1.9 billion in retirement benefits. We are pleased to report that, for the eighth year in a row, the agency received a clean annual audit from the State Auditor's Office. Our commitment to the highest level of fiduciary responsibility is clearly reflected in the audit results.

2004 Washington State Legislative Actions

The 2004 Washington State Legislature enacted the following significant changes in retirement law.

Purchase of additional service credit in PERS Plans 2 and 3 or SERS Plans 2 and 3

This bill allows a member who applies for early retirement in PERS or SERS Plan 2 or 3 to purchase up to five years of additional service credit at the time of retirement. The cost of the service credit is actuarially equivalent to the resulting increase in the member's benefit. The purchase of additional service credit cannot be used to qualify a member for early retirement.

Public Safety Employees' Retirement System (PSERS) Plan 2

This bill created a new retirement system, effective in 2006, for public safety employees in specific job classes. Positions such as corrections, custody and probation officers, park rangers and liquor enforcement officers are eligible for membership in the Public Safety Employees' Retirement System (PSERS).

PSERS will provide a retirement benefit at age 65 with at least 5 years of service credit or at age 60 with at least 10 years of PSERS service credit. A benefit reduced for early retirement will also be an option at age 53 with at least 20 years of service credit.

Minimum monthly benefit for PERS Plan 1 and TRS Plan 1 Retirees

This bill establishes a minimum benefit for PERS Plan 1 and TRS Plan 1 members who have at least 25 years of service credit and have been retired at least 20 years.

The legislation identifies \$1,000 as the minimum benefit, however, any adjustments made at the time of retirement, such as a survivor benefit or annuity withdrawal, reduce that amount.

Asset Smoothing Corridor

This bill establishes a 30% asset-smoothing corridor for actuarial valuations used in the funding of the state retirement systems.

WSPRS and LEOFF Plan 2 Death Benefits

Two separate bills establish that beneficiaries of a WSPRS or LEOFF Plan 2 member killed in the course of employment will receive benefits without actuarial reduction for early retirement. The member must have had at least 10 years of service.

LEOFF Plan 2 Disability Benefits

This bill entitles qualifying LEOFF Plan 2 members, who leave employment because of a duty-related disability, to receive additional benefits and/or exempt their benefits from federal income tax.